



An Exelon Company

Position Statement

OPPOSE
Finance Committee
2/1/2022

Senate Bill 334 - Electricity - Standard Offer Service - Renewable Energy

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 334 - Electricity - Standard Offer Service - Renewable Energy*. Senate Bill 334 would require that an electric company enter into long-term (10 to 20 years) contracts for renewable energy credits and electricity generated from certain Tier 1 renewable sources to meet a portion of the renewable energy portfolio standard (RPS) for the electric company. However, Senate Bill 334 also requires an electric company to sell the purchased renewable energy into the wholesale market and sell the associated renewable energy credits (RECs) as well. Therefore, there would be no RECs available to meet any portion of the RPS for the electric company and an intended goal of the legislation would be nullified. BGE further opposes Senate Bill 334 because it shifts the renewable resource's market risks from the asset owner to customers as all distribution customers would be responsible for the difference between the price the electric utility pays for the purchase of the renewable energy and associated RECs and the price the electric company received from the sale of the renewable energy and associated RECs. The risk for higher costs to customers, instead of the asset owner, burdens customers unnecessarily. The current REC and Solar REC markets are very liquid enabling the compliance to be satisfied at a reasonable cost for customers.

The final concern with the proposal is the length of contracts. The required 10-to-20-year contract lengths could result in imputed debt which would have a negative impact on financial credit, driving up costs further. Additionally, if prices for renewable energy decrease over a 10 to 20 year horizon, as is expected, customers would unnecessarily be paying the excess of the long term contract price over the market price for the same product.

BGE opposes Senate Bill 334 because we have a system in place that works effectively, enabling seamless compliance with the renewable portfolio standard requirements. Modifying the process, as proposed here, would risk higher costs to customers with no corresponding benefit. BGE recommends an unfavorable report from the Committee.